PUBLIC MEETING

Between U.S. Nuclear Regulatory Commission 0350 Panel and FirstEnergy Nuclear Operating Company

Meeting held on Monday, December 29, 2003, at 6:00 p.m. at Oak Harbor High School, Oak Harbor, Ohio, taken by me, Marlene S. Lewis, Stenotype Reporter and Notary Public in and for the State of Ohio.

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PANEL MEMBERS PRESENT:

U.S. NUCLEAR REGULATORY COMMISSION

Christine Lipa, Branch Chief, NRC

William Ruland, Vice Chairman, MC 0350 Panel

Scott Thomas, Senior Resident Inspector

Jon Hopkins, Project Manager for Davis-Besse

Geoff Wright, Leader of Management and Human Performance Inspection

MS. LIPA: Okay, well, hello. I'd like to welcome FirstEnergy and members of the public for coming to this meeting today. This is a public meeting between the NRC's Oversight Panel and FirstEnergy Nuclear Operating Company.

My name is Christine Lipa, and I'm the Branch Chief at the NRC's Region III office located near Chicago, and I'm responsible for the NRC's inspection program at Davis-Besse.

UNIDENTIFIED: Could you speak a little closer into the microphone, please?

MS. LIPA: Okay. The purpose of this meeting is a discussion between the NRC's Oversight Panel and the licensee on their activities since our exit meeting that was held on December 19th, and at that exit meeting on December 19th, the NRC presented the preliminary findings from two inspections. The first one was the Restart Assessment team and the second inspection was the Management and Human Performance Phase 3, and tonight we have Geoff Wright, who was the leader of one of those inspections.

The NRC discussed several issues at that meeting and requested the licensee to assess those findings. We've asked the licensee to provide us

with their assessment and actions that they plan to take to address operational performance and Safety Conscious Work Environment issues.

I'd like to start off with some introductions. Up here at the NRC table on the far left is Geoff Wright. He was the leader of the Management and Human Performance Inspection. He did Phase 1, Phase 2 and Phase 3.

Next to Geoff is Jon Hopkins.

MR. HOPKINS: (Indicating).

MS. LIPA: Jon is the Project Manager for Davis-Besse, and he works out of headquarters.

On my left is Bill Ruland. Bill Ruland is the Senior Manager in headquarters, and he's the Vice Chairman of the Davis-Besse Oversight Panel.

On my right is Scott Thomas. He's the Senior Resident Inspector at the Davis-Besse facility.

Other NRC folks today, in the foyer was Nancy Keller greeting you when you came in, and she's the resident office assistant out at the Davis-Besse plant, and we also are expecting Viktoria Mitlyng, our Region III Public Affairs, and I'll go ahead and let you introduce the FirstEnergy folks.

MR. MYERS: Thank you. Next to

me is Barry Allen. Barry is sort of new with our company out there. He's the new plant manager there at the Davis-Besse station. We're pleased to have him with us.

Next to me on my right is Mark Bezilla. Mark is our site VP.

Fred von Ahn is at the end of the table. Fred is the VP of Oversight, and we have a couple people in the audience.

Joe Hagan is with us.

MR. HAGAN: (Indicating).

MR. MYERS: Joe Hagan is the Senior VP of Engineering and Support Services, and then Gary Leidich, President of FENOC --

MR. LEIDICH: (Indicating).

MR. MYERS: -- is with us also.

MS. LIPA: Okay, thank you, and I'd also like any public officials to introduce themselves.

MR. ARNDT: Steve Arndt, County Commissioner.

MS. LIPA: Hi, Steve.

MR. PAPCUN: John Papcun, Ottawa County Commissioner.

MS. LIPA: Hi, John.

MR. KOEBEL: Carl Koebel, Ottawa County Commissioner.

MS. LIPA: Welcome, Carl.

MR. OPFER: Darrell Opfer, Director of the Ottawa County Improvement Corporation.

MS. LIPA: Hi, Darrell.

MR. WITT: Jere Witt, County Administrator.

MS. LIPA: Hi, Jere. Okay. Anybody else?

(NO AUDIBLE RESPONSE).

MS. LIPA: Okay, I'd like to go through just a couple administrative items. This meeting is open for public observation obviously. This is the business meeting between the NRC and FirstEnergy. At the conclusion of the business portion of the meeting but before the meeting is adjourned, the NRC staff will be available to receive comments and questions from members of the public and answer questions.

There are copies -- in the foyer when you came in, there were copies of the December edition of our monthly newsletter. This is the same version that was provided at the December 3rd meeting, but we

brought copies today for anybody's information, and we also have a public meeting feedback form, and the licensee had some slides on the table there also that they will be using in their presentation tonight.

And we're also having this meeting transcribed today to maintain a record of the meeting, and usually we can get that posted to our website within about three to four weeks, so it's important that the speakers use the microphones so that the transcriber and the audience can hear the presentation today, so, with that, I'll turn it over to Bill Ruland.

MR. RULAND: Good evening, everyone. I'd just like to reemphasize that today's meeting -- tonight's meeting is not a restart meeting, and the NRC will not be making any decisions regarding the restart of Davis-Besse this evening. The purpose of this meeting is for us to listen to FirstEnergy describe their process, to address the questions we had at our most recent exit meetings, and we're here to listen to those and make sure we understand them. Ultimately, this will lead us to plant inspections, and, subsequent to that, we'd be in a position to make a decision one way or the other, so that's kind of where we stand right now at

the moment.

The restart meeting as it stands now is yet to be scheduled, and I don't have any further information about the schedule. We often get asked schedule questions. The only thing we can tell you about the schedule today is on the 13th of January of next month we will be having a regular -- we currently have a regularly scheduled 0350 Panel meeting with FirstEnergy, and that's it for now.

Lew, it's up to you now.

MR. MYERS: Thank you. Let me spend a moment to just sort of status you on the plant. Our plant is in what we call Mode 4 at the present time. Lots of things have changed since our last meeting. Both of our ECC, our cool water system is -- systems are operable now, our emergency system. The high pressure safety injection pumps we talk so much about are in place and ready to be used. We've heated the plant up to above 200 degrees -- at 270 degrees, 270 pounds of pressure, it's above our pressurizer. We're anticipating Mode 3 shortly, so the plant is being heated up as we sit here. We have some work that we're doing on the governor valve of the top feed pump. We just want to make sure some switches are correct there, so we've made a

decision today to go prepare those or at least make sure they're in good standing, and then there's a solenoid valve, that's 101, that we're working on right now that has an air leak on it. After that, the plant should pretty well be ready to continue to heat up to what we call Mode 3, and then, from Mode 3, go on up to normal operating pressure temperature, which is about 500 degrees -- over 500 degrees, 2,155 pounds of pressure, so we anticipate that happening over the next day or so, and we're going to continue to heat up slowly, look for leaks. We've got plateaus laid out, but we are making progress toward heating the plant up to what we call normal operating pressure temperature where we will go into an assessment mode for sometime to make sure some of the things we have talked about are corrected today, okay? I thought I'd start out, just give you the status of the plant.

Let me tell you what our desired outcomes are. Let's go to the first slide. Today we're going to provide an assessment and -- provide you with our assessment and overall conclusions of our responses and our Safety Conscious Work Environment Survey. We did that on December 3, but there were some questions asked, about three or four questions,

as to specific areas I want to show you today. Overall, I'd like to say, you know, that we continue to be pleased with our survey results and because we continue to show improvements overall. As you go through the plant start-ups that we're going through right now, we went through a discovery phase, then we go through a design phase and then implementation, heating the plant up, focus shifts in groups in our organizations from -- from, you know, engineering, design engineering or something, more to the operational phase, operations maintenance, other stresses and standards are -- are very visible in those areas, so we saw some -- some declines on several questions in our Safety Conscious Work Environment Survey that we were concerned about and you were -- also asked questions, so we're going to share with you today the results of what we think is causing those declines, some of the actions that we're going to take to ensure that those turn around. I think -- I actually feel fairly comfortable right where we're at today, and we'll show you the reasons why. We want to communicate some of our assessment of Operations performance, discuss the operational areas of required continued improvement. As you remember, we did the NOPT test, and we kept -- we had

several, what I'd call minor, safe related issues, some minor related -- not of significance importance, but we got unexpected record room signals, and things like that. We think that we've improved on those type of things and the use of procedures and stuff like that, but we're still not seeing the consistency in some of the management tools that we expect to see, and we'll share with you the items that we have in place to -- to demonstrate improvement there. We'll provide you with the Corrective Actions to ensure consistent operator performance for the long-term and provide you our plans for our Readiness Reviews and Effectiveness Reviews over the next few weeks that will give us the confidence to come to you when we think we're ready for restart, and then, when this is all said and done, we hope to demonstrate that FENOC, we are very, very committed to both safe and effective operations of our facility. We think we have demonstrated the actions we've taken today in saying, but there are some improvements we need to make on effectiveness.

The agenda that I have laid out today, I'll talk with you some about the Safety Conscious Work Environment just to summarize the background surveys, then Fred von Ahn will share some information with

you with the survey team that we put in place and how we went -- the methodology that we went through to answer the questions that we had and you had. I talked some about our Corrective Actions and the actions to monitor -- to continue to monitor effectiveness, and then we'll focus -- we'll change the tune and refocus on operations again, and both Barry Allen and Mark Bezilla will share with you the management tools that we're implementing and the Corrective Actions that we're implementing, that we think will take the next step in operator performance to ensure consistent and effective implementation of the Operations standards.

With that, let me go to the first slide. The first slide I put in place is, as you remember, we did a survey on November 3rd on Safety Conscious Work Environment. You know, we stand here today, we spend a lot of time talking about the survey because these are good tools, and we're very pleased with not only the performance we saw on those surveys, but the -- really, we're happy about the areas of concern, if that makes sense, because what we found is that's been a very hell -- or even recursive process that we've been going through with our employees over the last few days. In fact before, a

week or two ago, we had the meetings with each one of -- every employee at our side. We had like four meetings with myself, with Mark Bezilla and Barry to go over the results, and then today, before we came here, we shared with a lot of our employees in Operations and Maintenance and QA and Chemistry some of the things we're going to share with you now, had a lot of dialogue with them, so we think the Safety Conscious Work Environment Survey is a healthy thing for us.

If you'll look, we continue to see improvements in each one of the pillars, the Willingness to Raise Concerns, we think a lot of people will be pleased with some of our scores that we have seen and they are all very important, same thing with RATI, ACR, so you know, and that's almost 100 percent of our employees, and the Pillar 2 of resolution, we see some improvements there, from 76 to 80 percent. We were at 51 in August of 2002.

Pillar 3, you know, is pretty constant, and then Pillar 4, Preventing and Detecting Retaliation issues, we're seeing some positive improvements there with really, if you really look at this graph, I think what it shows is that the undecided middle tenth of the more decided to the left-hand side now,

and that's the information that we sort of shared with you on December 3rd, at the December 3rd meeting.

Let's go to the next slide at the 350 meeting, we shared what we thought were some positive results. Now, after that meeting, we went back and started slicing and dicing the data, looking at it both vertically and horizontally. That's when we noticed a couple groups, groups with three or four different questions, and that gave us concern, and we wanted to figure out what they were trying to tell us there. We provided the information of the results of the survey to our managers, and between November 21st and December 8th, you'll see on one of my other slides, two different views where we did that, and then based on the December 8th meeting, where we asked our managers to assess what those results meant to them in those four questions or so, we decided to do some personnel interviews, so those interviews were conducted on December 11th. And then somewhere around December 19th, we had some feedback from you all guys that you were concerned about the same questions, so then you asked us to share with you our results, and we'll do that tonight, so that's sort of the history of the Safety Conscious Work Environment

at Davis-Besse that I thought we'd share upfront.

With that, I'll turn it over to Fred, and Fred will discuss the analysis process that he'll be going through.

MR. von AHN: Can you hear me?

Good evening, I'm Fred von Ahn, the Vice President of Oversight of FENOC. Although the November 3rd and 4th Safety Conscious Work Environment Survey showed overall positive trends, declining trends were noted in some areas by station personnel and investigation into the whys had started.

On December 19th, during the Management and Human Performance session, the NRC identified four specific sections, operations, maintenance, plant engineering and quality assurance, as areas that needed further understanding of the whys behind the survey response declines. FENOC commissioned an outside team to continue this investigation into the declining trends. Next slide, please.

The purpose of this presentation is to respond to the NRC's questions raised on the December 19th meeting regarding the results of the November 2003 Davis-Besse Safety Conscious Work Environment Survey. Next slide, please.

The outside team first developed a charter and a process to guide its investigation. The charter of the team was to objectively and comprehensively evaluate the apparent decline in certain areas of the November 2003 Safety Conscious Work Environment Survey, determine causes of the apparent decline, and develop corrective actions and plans to monitor the effectiveness of those actions. Next slide, please.

The survey team membership consisted of five professionals experienced in both Safety Conscious Work Environment embark, Safety Conscious Work Environment arena, and organizational development arena. The team collectively has over 100 person years of experience in organizational development and Safety Conscious Work Environment. Next slide, please.

Today's objectives will be to describe the process used to collect and evaluate data; to discuss the evaluation of the data collected, present the conclusions of the team; a station will then discuss their corrective actions and discuss the mechanisms to monitor the effectiveness of those actions. Next slide, please.

This chart represents the process used to

evaluate the Safety Conscious Work Environment. Starting at the upper left with the preparatory work, the team's first assignment was to collect all associated information with the surveys and develop an approach methodology. The approach was developed and codified into a chart which defined a process which the team followed on all the following activities. The major process flow was to collect data, analyze and evaluate the data, draw conclusions and recommend corrective actions. In order to comprehensively evaluate the data, survey results were further processed, which will be discussed in a later slide. Survey comments were analyzed for convergent validity with the interview data and to validate the assumptions that the focused group interviews would not challenge people to speak freely; that is we wanted folks to be -- to hear -- to feel that they were relatively anonymous and we wanted to have convergent validity with anonymous tip. Previous corrective actions were analyzed for effectiveness against the latest survey results, and external factors were analyzed. These were factors like personnel changes, organizational changes, changes in compensation practices, major workout changes. Other factors were evaluated for

convergent validity, and work already started as a result of the survey, the November 19th follow-up meetings, site alignment meetings, commonly called the adventure meetings, quality assurance, individual face -- face interviews that were completed in parallel with the surveys. All these data sources were evaluated for convergent validity.

MR. HOPKINS: (Indicating).

MR. von AHN: Yes.

MR. HOPKINS: Who was the second team member of team one, Terry?

MR. von AHN: Terry -- the team was a five person team. That was assistance -- we needed Clark's full assistance to type the interview notes when -- after we did the interviews, and that was through the individual ones.

MR. HOPKINS: Thank you.

MR. von AHN: After the survey results were further processed, focused group interviews were conducted using three teams of two. The sections interviewed were Chemistry, Maintenance and Maintenance Contractors, Quality Assurance, Plant Engineering and Operations. The interview notes were then peer checked by the entire team for accuracy and to see if any different hematic elements

were seen by a different set of eyes. A decision was then made on whether further interviews were needed. This process in conjunction with other data then fed forward into the data evaluation process. Next slide, please.

This chart represents the detailed subprocess for the survey data evaluation. Evaluation methodology consisted of processing both the March survey data and the November survey data. 100 percent check of the survey formulas for validation was done, and it was found during validation, an error affecting 20 -- question 23 was found, said negligible effect on the overall results and in general resulted in more positive numbers for most sections and a slightly negative effect on the training section. Due to the negligible effect of this, it was not considered in a team review, however, a condition report was written and the data will be corrected in the survey results. Data from the March and November survey was then numerically compared on a question by question basis, and a set of decisions applied on the results. From this process, it was determined that maintenance and maintenance contractors should be evaluated separately.

It was further determined that based on the question results that maintenance -- plant maintenance did not need to be interviewed, however, for completeness, a number of interviews were held with maintenance, plant maintenance, to validate survey information, and to make sure no new themes emerged. The results of this subprocess were used to provide a basis for the focused interview sessions that we discussed on the previous slide. Next slide, please.

Structured interviews were conducted on a quantitative and qualitative evaluation of sections for responses. The interviewers were experienced in interview techniques, and the interviewers presented the interviewees with the questions that had declining trends and asked open-ended questions to determine the reason behind the trends, making sure not to lead the interviewees in any one direction. The interviewees were also asked for actions that could be taken to correct issues as they saw the issues. The interviews were generally conducted with six or seven interviewees, although some were more and some were less, and the interviews were 45 minutes to one hour in length. Next slide, please.

This slide --

MR. RULAND: Fred?

MR. von AHN: Yes.

MR. RULAND: Is now a good time for you to touch a little bit on your choice of why you chose group interviews as opposed to some other method? Is now a good time to talk about that?

MR. von AHN: Sure, we could talk back -- could you go back to the process slide?

One of the things that the team looked at was whether individual interviews or small group focused interviews were conducted and the pros and cons of each were weighed. It was determined that the team dynamics or the small group dynamics and the attraction of information would be better if there was a relative safety in numbers consideration and then some of the interviewees would be drawn out into the conversation. This may not happen on an individual interview, in fact, some of the interviewers that are skilled in this conducted interviewees -- interviews on an individual basis that have elicited basically no response from somewhat introverted people.

Additionally, you can see that all of the sources of data -- there are sources of data that contain anonymous interview information, for lack of

a better term. Survey comments -- we had a number of comments that were given to us along with the survey, and those were essentially individual interviews conducted anonymously as well during the QA simultaneous interviews, those were face to face interviews conducted individually with -- with folks in various departments. That's the reason -- the rationale behind the small group versus the individual group.

MR. RULAND: Thank you.

MR. von AHN: This slide represents the percent of interviewees that were interviewed in each area as a percentage of the total section population. About 50 percent of each section's population was targeted for interviews. Again, the team separated maintenance contractors from plant maintenance, and, when this was done, plant maintenance showed an overall improvement, thus, we only did the check interviews, as we call them, in addition, and hit the target 50 percent population. Next slide, please.

Data from the focused interviews were evaluated from themes within sections. Additionally, there were a number of Cross Cutting Themes that spanned all sections. Data was compared

to all the other sources of data for convergent validity to ensure convergent validity existed between the survey comments, the external factors, the November follow-up interviews, site alignment sessions and the QA face to face interviews. All sources pointed to the same types of issues as the team interviews showing convergent validity. The March corrective actions were also looked at for comparison. These were the corrective actions generated as a result of the March survey. Next slide, please.

The team heard positive statements about many of the areas of Safety Conscious Work Environment in the interviews. The team also heard themes that ran through each section. Those themes were the perceptions that employees have about events that occurred just before or around the interview time and that contributed to the decline in certain questions. It's important to realize in the context of the survey that these perceptions were reality to the people that answered the questions, but not necessarily fact. I want to reemphasize the focus was declined on survey responses and the themes here represent declines in certain areas of response. In Operations, Operations true personnel from all shifts

were interviewed. The theme of long work hours, as well as lack of shift rotation, that is being on the same shift schedule for an extended period of time, emerged in Operations as an issue reflected in declining trends in some questions.

Schedule credibility questions were negatively influenced by challenges by the fact that all operational, not all operational activities were in the schedule. Specifically, the operators felt that the schedule was not resource loaded at the time of the interview and that certain activities did not show up on the schedule that contained a large amount of operational resources.

Additionally, as part of the Normal Operating Pressure Testing there was a license amendment that imposed a two-hour cool down requirement for certain equipment issues. Issues arose with Auxiliary Feedwater Testing with interpretation of this two-hour cool down requirements that created a session that scheduled a theme placed above safety. Now, this contributed to the declining response in questions related to that theme.

Ineffective communication was also a theme. Following the Normal Operating Pressure Test, the shift crews were realigned. The employee perception

of this was that this was retaliatory in nature because the reasons for the realignment were not fully explained to the employees. It's important to note that this is not retaliation for raising a safety concern, but it did contribute to a negative response or a declining trend in the issues around -- questions around retaliation.

MR. RULAND: Fred?

MR. von AHN: Yes.

MR. RULAND: What qualified as a theme?

MR. von AHN: We looked -- a theme qualified when we heard it a significant amount of times. If during the interviews of five to seven folks, if we heard one isolated case of that, that would not qualify as a theme. If we consistently heard that same message across a number of interviews and with a number of people, that qualified as a section theme.

MR. RULAND: And you have the results of the interview records so we can go back and inspect them?

MR. von AHN: The interviews were anonymous. We have the numbers of folks that were interviewed and we have the notes from the interviews

and the themes that were generated, but we did not take names of the interviewees. We wanted the interviews to be --

MR. RULAND: Uh huh. I understand.

MR. THOMAS: I guess I have a question of the last two bullets.

Was the Aux Feed Test the only activity that you had comments where there was at least the perception of schedule over safety, that's question one.

Question two has to do with the last bullet. Was the crew alignment issue the only time where management effectiveness in communicating was called into question?

MR. von AHN: For question one, you'll see in a later slide, there was a second issue that was identified as a theme or declining trend in quality assurance. This was the only theme that was brought out consistently in Operations, but it was a fairly passionate theme in Operations. Did that answer question one?

MR. THOMAS: I guess I still have a question along the line of Bill's -- what exactly a theme is.

MR. von AHN: Okay. When we

conducted an interview, we conducted it with five to seven folks at a time. If we heard the same message in the interview -- because we focused the interview by ending the negative questions or the questions with declining response and said, let's talk about this, and if the message that we got back consistently was, hey, you know, the Aux Feed Testing that was an issue, we thought we could have handled better, management -- we thought management was putting schedule over safety because in one case it was an operator that said, you can't do anything in two hours or for anybody to expect anything to be done in two hours is kind of crazy in the first place. Another operator said, well, we started the cool down, but it was only a minimal cool down, so there was a lot of interpretation, there were different -- but that same theme centered around the Auxiliary Feedwater Test. Did that help at all?

MR. THOMAS: We can go on to the second question. The --

UNIDENTIFIED: Scott, could you speak up, please?

MR. THOMAS: The second question was, you list the issue with the crew alignment as an example of where management wasn't particularly

effective in communicating, and I'm curious if that was the only example that was brought up?

MR. von AHN: No, communication was a Cross Cutting Theme; not fully effective communication you'll see in a later slide as a Cross Cutting Theme, cross sections, and other issues were raised at a point for improvements of communication.

MR. THOMAS: Okay.

MR. WRIGHT: Fred?

MR. von AHN: Yes.

MR. WRIGHT: In regard to the Aux Feedwater and the scheduling and the way that testing was accomplished, did your group or did the plant look at the scheduling of that and the loading of it to see whether or not the two hour time frame they referenced was a reasonable time frame and the actions that were taken in that time frame were appropriate?

MR. von AHN: The issue was looked at. The two hour time frame is a tight time frame. The license amendment request discussed that a cool down would be started commensurate with the safety significance of the issue. The issue was discussed once with senior leadership and the management on shift, and that aspect was broached. I believe that

was the reason for the decision to end the melt in the cool down.

MR. BEZILLA: Yeah, Geoff, I'll address this one. When we did the NOP, we did it under a license amendment request, but in that license amendment request there was a requirement that said for certain systems if they're out of service for other than routine testing, you're supposed to take action within two hours, commence a cool down commensurate with the safety significance of the issue or equipment involved, okay, and from an Aux Feedwater perspective, when we initially got into the Aux Feedwater issue, the issue was response time. One of the Aux Feedwater pumps had a time of 40 seconds -- 40 seconds or something, to come up to speed to be at full pressure temperature. Don't hold me to the 40 seconds, that may not be the exact number, but it had to come up in a certain period of time. It came up in a time that was about a second or two seconds slower than that time, so a piece of equipment was available, but not meeting its tech spec requirement, all right? What we did as a management team was we assessed the safety significance of that based on the Normal Operating Pressure Test conditions we were at of the decay heat

in the core. That response time was way more than adequate from being able to take care of any issues which had arisen, all right, so from an implementation of a two hour to take action to cool down. At that time, we said, hey, we have the normal tech spec would be an appropriate time to take action, which is a 72 hour tech spec. Later on as we worked through that, we got into more intrusive maintenance, when we got into the more intrusive maintenance, then we said, hey, we need to invoke the cool down and the operators invoked the cool down and commenced the cool down. Eventually, we solved that issue, stopped the cool down, recovered the Aux Feed pump and then recovered to Normal Operating Pressure conditions, so the issue is, is that communications to the troops and through the Ops organization was not as good as it should have been and it was not clearly understood by all the operators, and, as a result, as Fred said, that led to less than -- some less than positive responses, a question about if you consider safety over scheduling or did he consider scheduling costs over safety, all right, and I believe that is that issue, and what Fred and his team did was they found that there's thoughts out there or comments out there that don't understand the

logic behind that and the way we had to proceed in a Normal Operating Pressure Test, and we understand that we need to do a better job at communicating to our folks.

MR. MYERS: Going back, Fred, to clear up, we thought our response was fairly good and with the shift managers, and we said -- going back now, you keep hearing the word tech spec action used, and it was really part of the license, you know, that we submitted, and it's -- the words were that we started cool down --

MS. LIPA: Why don't you try to get a little bit closer to -- to the microphone?

MR. MYERS: Let me try something. Does that help? Let me try turning it up. Does that help? Yeah, that helps a lot, and I -- operator error. (Laughter). And the -- but, you know, when all of that was going on, that clause, we had the license amendment, that has got an ambiguity to it compared to what normally a tech spec does, and it was something we committed to do as a management team, but I'm not sure that we -- if the lower levels were committed. We communicated how that worked as well as we should, so we're going to go back now. We've already had some meetings to discuss that and

why our behavior was the way it was, you know? We don't think it's an issue at the shift manager level. It's down below.

MR. von AHN: Did that answer the question?

MR. RULAND: Yeah, I think it did.

MR. WRIGHT: Yes.

MR. von AHN: Next slide, please. Plant Engineering there was a Schedule 3 regarding management comments not in keeping with leadership and action principles. Leadership and action principles has management focused on issues and not on people, and in some cases that was -- that was not done and reflected negatively on comments.

Schedule credibility issues with removing some preventative maintenance from the schedule also reflected in comments as well as low threshold on condition reports and long working hours. With regard to low threshold on condition reports, the comment the team heard was that low valued information is put into the corrective action system that dilutes its importance. For example, putting a light bulb that's burned out in the parking lot dilutes the value of that system. We've discussed that condition reporting system is our data capture

mechanism for all our issues, and we'll be reinforcing the expectation regarding condition reports. Next slide, please.

Two specific issues were introduced --

MR. WRIGHT: Fred? I'm sorry.

MR. von AHN: Yes.

MR. WRIGHT: You spoke a little bit about that last item on the condition report threshold. You started to talk about corrective action. Are you going to go back to corrective action and do that later on in that presentation?

MR. von AHN: Yes.

MR. WRIGHT: Okay, fine.

MR. von AHN: Two specific issues contributed to declining response in quality assurance. First, the Auxiliary Feedwater Testing during the Normal Operating Pressure Test contributed to the declining responses in schedule over safety questions, and the activities surrounding a containment spray breaker that was tested in the plant prior to ensuring all process steps were fully completed also reflected as a theme. This was investigated and the significant condition adverse to quality condition report following the NOP testing.

A second theme was the perception that

internal recommendations do not receive the same level of attention as externally generated recommendations in quality assurance. Next slide, please.

Chemistry data presented an additional challenge. In the March survey data, chemistry and rad protection were combined in a single section. In November, the data was separated. After the data was compiled, we determined as a conservative measure to conduct focused interviews with chemistry. During the interviews, the interviews were generally positive, however, one theme involved -- evolved during the interviews concerning a work scheduling issue that happened around the time of the survey. That issue has subsequently been resolved post-survey. Next slide, please.

Maintenance and Maintenance Contractors -- maintenance being in maintenance and maintenance contractors was the long work hours. Confidence in the schedule was also an issue and translated a little differently. It translated to the work being fully prepared when the schedule said it was ready to work. The team heard that in some cases work was not fully ready. The completion time of work did not change, so the time allotted to do the work would

shrink, and this contributed to the declining response and questions involving scheduling.

Maintenance interviewees also felt that the threshold for condition reports was too low and used examples similar to the one I previously mentioned. Next slide, please.

Cross Cutting Themes -- communication was an over-arching theme across all the sections. Additionally, employees feel that working long hours for an extended period of time has created a tired and frustrated workforce. This contributed to declines in the schedule versus safety questions, and the perception as all percentage of the work force that management is more interested in schedule than the welfare of their workforce.

The team analyzed overtime from January to November via overtime records. The overtime average for that period of January to November was around 55 to 58 hours per week; however, in September and October, particularly in Operations and Maintenance, the average was in the high 60's. In November, it had decreased again to the low 60's, but, additionally, in October, just prior to the survey, 13 people had worked over 72 hours per week.

Another theme to the work hours issue is

there appears to be no end in sight.

Schedule credibility took a little different twist in each section, depending on the sections interfaced with the scheduling. You heard that when I discussed the Maintenance theme and the Operations theme.

Management remarks -- the theme of management remarks not in keeping with leadership and action principles and focused on issues is a theme that went across the various sections as well, and it had a declining contribution to questions having the management play with constructive criticism, management is willing to listen and management expectation type questions.

A low condition report threshold contributed to declining response surrounding condition reporting systems, effective utilization of the condition reporting systems.

MS. LIPA: Fred?

MR. von AHN: Yes.

MS. LIPA: When you talked about the approach that the focused group interview took, I'm trying to remember, like, if we look at team 3 interview maintenance and team 3 also interviewed plant engineering, would they have the same set of

questions that they would use for maintenance and engineering, or were the questions that they approached the groups with dependent upon the survey?

MR. von AHN: No, the questions were different, like, what was done in the process and that subprocess we did is the March survey data and the November survey data was compared, and the questions were compared on a one-to-one basis and the negative responses for each -- each set of question -- each question looked at. The response -- the negative responses were then sorted from those positive, i.e, less people responded negatively to most negative. Those questions that reflected most negative trend and response were asked and those questions were different in most cases on a onesie-twosie basis. The questions or the themes -- a number of questions were the same, however, specifically the question of schedule, management value schedule over safety more was a -- I'll say the bottom inner for two or more sections, but, in general, the questions were focused specifically on the negative response questions for that section which were slightly different in each case.

MS. LIPA: Okay, thank you.

MR. THOMAS: What about in the

groups, each team, like, there was more than one Operations group, right? I mean, it was done multiple times like each team, like team 3 --

MS. LIPA: Team 1, 2, 3.

MR. THOMAS: -- within each small sub group, were the questions asked the same, or were they -- I understand they were focused on the negative questions.

MR. von AHN: Correct.

MR. THOMAS: But you said a lot of open-ended questions were asked.

MR. Von AHN: Okay, the way the focused group interviews were done is a sheet of paper was handed -- distributed to each of the interviewees, and the sheet of paper had the negative questions and the response and marks and the response in November and the changes in that response, so -- and each interviewee was asked to look at that, so this framed the four -- the rest of the interviews, so that it focused the interview on the negative questions, and then the interviewees were then asked open-ended questions, like, what do you think contributed to these, do you have any opinions on any of these, those types of questions. You know, once the conversation got started, the interviewees pretty

much took over the conversation -- well, you know, this is that, and, you know, this Aux Feedwater, I tell you, that reflected -- those were the type of responses that we got --

MR. THOMAS: Okay.

MR. von AHN: -- when the interviews started.

MR. THOMAS: Okay.

MR. von AHN: Is that --

MR. THOMAS: Yeah. Okay.

MR. von AHN: Okay, next slide, please.

Following the March survey, survey follow-up interviews were conducted and corrective actions were generated; however, the March survey follow-up was essentially a one time communication. There were minimal follow-up actions, and the actions were not tailored individually to the section's specific themes and there was inconsistent feedback and no real monitoring loop existed with the exception of maintenance, there was a bit of a feedback loop, and this may be indicative of the improvement that was seen in the maintenance survey.

Does that answer your earlier question on the corrective actions, Bill -- or Jon asked that

question.

MS. LIPA: Well, before we answer, let's -- let me see, make sure I understand. When we talk about March, you did the survey in March?

MR. von AHN: Correct.

MS. LIPA: And then when you got the results of the survey in March, you did some interview --

MR. von AHN: We did some interviews.

MS. LIPA: -- so when you say one time communication, was that one of your corrective actions?

MR. von AHN: Right. We did some interviews and some corrective action was documented, and the condition reporting process came out of that. We went back to those corrective actions, documented in the condition reporting process and looked at them, and they were essentially a one time communication method and had the issues that I just previously discussed.

MS. LIPA: What was the goal of the corrective action at that time, though, in March? What were you trying to accomplish by having those

communications?

MR. von AHN: The communication was an understanding by the section personnel, all the reasons behind the negative responses and -- but didn't elicit any real response, for example, the same themes of long working hours, some of the management comments emerged then. It was communicated, but no other action that we could see from that condition reporting process was in place.

MS. LIPA: Okay.

MR. MYERS: What I can share with you is the condition reporting system did take some actions. The four C's took some actions and there were some other actions taken on some of those things that were -- there were actions that were not -- to put in a corrective action program. What we had -- we had some -- some organizations monitored where we took some actions to improve meetings and stuff like that, so there were some other actions taken from the March survey that I can share with you that I was personally involved in. It wouldn't show up in any corrective actions, though.

MS. LIPA: Okay.

MR. RULAND: Fred, if I could maybe summarize what I think you're telling us with the

focused interviews, it sounds like to me that you believe you identified the reasons why folks responded the way they did, and, in particular, on the negative -- on the questions that had the negative trend, is that kind of a summary of --

MR. von AHN: That's correct, and if we go back to the Cross Cutting Themes, those themes were, if you rolled up those specific comments, the themes of communication, work hours, schedule credibility, management comments and low condition reporting thresholds were the reasons for the decline in the trends.

MR. RULAND: Okay.

MR. von AHN: And if you recall in the survey, the areas that were weak were corrective action areas surrounding management issues, so forth, so they correlated to the --

MR. RULAND: Schedule of safety, okay.

Did you try to correlate those themes with specific questions that were on the survey trend, on the surveys? In other words --

MR. von AHN: Yes, we looked at that, and did that, and as well the themes were framed up by the negative responses because those

questions were handed to the individuals.

MR. RULAND: I've got to think about this a little bit. Continue on, please.

MS. LIPA: I had another question. This slide, when you say March Survey Effectiveness, are you providing an assessment of what you thought the effectiveness of the March results were?

MR. von AHN: It was effectiveness of the follow-up actions from the March survey.

MS. LIPA: And what's your conclusion, effective, not effective?

MR. von AHN: Not fully effective.

MS. LIPA: Could have been better?

MR. von AHN: Could have been done much better.

MS. LIPA: Okay.

THEREUPON, Mr. Myers conferred with Mr. von Ahn.

MR. von AHN: Next slide, please. The last several slides focused on questions that declined in the November survey and the reason for those declines. During the focused interviews, many positive responses and positive comments were heard

in all areas of Safety Conscious Work Environment. Based on the aggregate data found, the survey team concludes that the Safety Conscious Work Environment supports plant restart. All groups exhibit positive responses to questions. Employee Concern Program exhibited positive response. Safety issues are being raised and addressed using Corrective Action Program. Workers understand their responsibility to raise safety concerns. Workers feel free to raise safety concerns, and convergent validity exists with all of the other sources for these conclusions. Next slide, please.

MR. THOMAS: Fred, one question, please, just so I understand your position on this.

MR. von AHN: Yes.

MR. THOMAS: So based on this team's review, all corrective actions taken going forward are just enhancements. I mean, you could essentially do nothing and the team -- team's conclusion is that the Safety Conscious Work Environment is satisfactory for restart; is that a correct statement?

MR. von AHN: Safety Conscious Work Environment exists that supports restart. To have a robust Safety Conscious Work Environment,

improvements are needed in the areas that were identified.

MR. THOMAS: Okay.

MR. von AHN: Next slide, please.

Areas for Continued Improvement -- FENOC has a changed management process that effectively utilize, can communication and implement changes for management decisions and actions affecting staff.

With regard to the corrective action process, the corrective action process will be single collection point for issues at the station. These corrective action process expectations need to be reinforced, and I have recommended that they be reinforced using the changed management process.

Employee Concerns Program and the Safety Conscious Work Environment Review Team need greater visibility and periodic reinforcement. The half-life and the knowledge level of these tools is less than one year, so visibility must be improved and retraining provided. Are there any other questions?

(NO AUDIBLE RESPONSE).

MR. von AHN: If not, I'll turn it back to Lew for the specific corrective actions.

MR. MYERS: Thank you, Fred.

Let's take a moment and go over some of the actions

that we've taken. Strong corrective actions were taken since the November survey, and we did not sit around and wait for this team to get through before we started taking some action, and let me explain why, is the managers were provided with results of the survey on November 24th -- on the 21st, we started asking for feedback at that time and making some adjustments and making sure that we improved our communications in that area, some of those areas. The managers in the managers' meeting agenda on December 8th was we went over the survey conclusions with the areas requiring actions from survey findings and focused on some communications at that time. Managers shared the results of the Safety Conscious Work Environment Survey with their employees in the November, December time frame, in a couple week period there. Some people -- the plant engineering sat down with all of their employees and went over all the results, analyzed dialogue and came to a consensus on some of the issues. The quality manager performed independent reviews with his employees during that time, so there were a lot of actions taken to make sure that we had a clear understanding and of the behaviors going forward and with the actions of their work, and we think we've made some

good progress during that time frame. Then in a senior management meeting with the section managers on December 2nd, we met in the afternoon for about four hours and went through the survey results and the actions that were taken. After that meeting we decided to go get a -- to make sure that our managers had not missed something, we decided to go get some contractor help, and, at that time, we focused on just the four questions that had showed some performance problems, and we quoted three groups that we interviewed, and what we did is we looked at total interviews of about 40 employees on December 12th, and 10 employees from Operations; Plant Engineering, 19 employees; and Maintenance, 11 employees, so we went -- we sat down with about 40 employees at that time, which is not a -- we thought it was a statistically significant number of employees for the size population that we're talking about, got some overall themes at that time, went back and had all-hands meetings for two days with each and every employee on our side, December 18th and 19th. I led two of those meetings myself. Mark led one, and Barry performed one at the plant -- is that correct?

MR. ALLEN: (Nod indicating).

MR. BEZILLA: Yeah.

MR. MYERS: And we received -- excuse me, two at the plant, and we shared all of the data with our employees and management perspective of that data and also some of the areas of policy that we shared. We had made some changes to implement a pay policy with FirstEnergy, pay thing -- a pay issue, and that theme was a theme we had seen also, and so we shared the pay policy at that time and went over it with our employees.

We then performed a, you know, test for understanding. We were able to communicate each and every one of these things and specific reasons why we took the actions that we took with the employees, the results were extremely good, about 99 percent, didn't have any failures, but we did not -- we did not take the employees and ask them names or anything like that. We were just checking for understanding, so we did perform a test for understanding of facts. We changed the nuclear operating procedure. We're changing that as we speak to anchor the schedule expectations and provide a consistent understanding.

One of the things that -- one of the questions that we looked at were schedules, and, you know, there's a lot of thoughts about our scheduling process. One of the things that we're ruling out

right now is our normal working schedule process, and, as you know, we've been shutdown for a couple years in this outage, and we've been finding problems, fixing problems as we go, but we're in a position now, you know, all the design work is done and it's correct, okay, and we're into our normal schedule process, and we're having some issues implementing that process, for example, Operations is scheduling stuff and being brought, you know, system aligned. We need to be scheduling that individual system. How many people does it take to align that system and make sure that we have the right number of people at the plant to support all the operational activities. You all saw some of that when you were in here with RATI. We think we got that resolved, so we're going back in the schedule. One of the things we want to make sure of is the individual responses. You know, we tell people in our meetings that, you know, schedule that good safety is in my mind, and groups work together and make sure that we're working on the right stuff and that it reels safety in, but when it comes to -- should you stop if you have a problem, you don't understand what you're doing and elevate that issue then, we tell our employees that, but you don't find the employee

responsibilities in our process. We're going to add those employee responsibilities and anchor them in our process. We have that being done as we speak. The changes that's been made in the nuclear operating standard already is out for review, and I've got a January 15th date here, but I think I'll have it done way before that, so we anticipate those changes in our policy before then. Once again, we have implemented our normal online schedule process now. You'll see it's focused more on preventative maintenance items that's been an issue in the future. Let's go to the next slide.

MR. WRIGHT: Lew?

MR. MYERS: Yes.

MR. WRIGHT: You were talking about scheduling. One of the items that, as Fred indicated, was the number of hours working. In your scheduling, it's one thing to schedule activities and say, do we have the right people here to do it and schedule people in, but as part of that equation, are you saying the people, have they worked too much time and will that put too much time on their plate for them to work effectively, so, in essence, putting a limit, saying if you killed half the people that had worked less than so many hours, we can't do that task

at this time, we'll have to schedule it later.

MR. MYERS: Go back to the other slide. One of the things we're doing is -- the key thing, we add -- we put the activities in there, on the last bullet, you go to the next bullet, you can levelize the amount of people you have. You can make sure that -- either you need to not do as many activities or you need to have the right people there at the right time and do the right work, all right, so you can levelize the schedule and make sure that you do have people there to support all the activities. What that does is reduce the overtime, because you don't have to have 12 people standing around on a daily basis. You can have people on day shift today from noon to 12 or something, so it should reduce the amount of overtime if you schedule properly.

Now, another goal that we have in place now, you'll hear me talk about that again later, is, you know, we're getting in our mind to keep the plant up, we hope to have the plant up, we ask with your permission to restart the plant shortly. One of the goals way at the beginning of the year was to get back to our normal routine schedule for an hourly schedule process. Some people worked, you know,

rotating shifts and had some built-in overtime, engineering, get back to what is normal, and then we'll supplement with some contractors throughout the year as we need to, but one of the goals we had in January when we get the plant back up is -- we had in January was -- January 1st was to levelize our -- all of our staff to a normal operating process again. We got to get that done, and as we get further out, you'll see that happen, so -- and that would get you pretty close to -- you know, maybe not a 40-hour week, but something a lot less than we're working now.

MR. RULAND: Okay.

MR. MYERS: Okay.

MR. RULAND: Lew, you talked about you're having these meetings with your staff?

MR. MYERS: Right.

MR. RULAND: And on slide -- back on slide 21 --

MR. MYERS: Which one?

MR. RULAND: Slide 21, Fred von Ahn said there were several Cross Cutting Themes that were contributing to less positive results of the survey.

MR. MYERS: Uh huh.

MR. RULAND: I'm curious how many of these themes were brought up in meetings with your staff?

MR. MYERS: There is no themes there that surprise us. The working hour theme, we knew about. The communication, we knew about. Schedule credibility, we knew about.

MR. RULAND: I understand that. What I'm asking is how many people brought those themes up in your meetings with them?

MR. MYERS: Oh, that happens all the time, yes -- how many?

MR. RULAND: Yeah. I'm looking for --

MR. MYERS: Are you looking for a number?

MR. RULAND: You're telling us you're having these all-hands meetings and you're getting feedback from understanding the survey results, yet your folks go off and do these detailed interviews to try to understand what the survey results were, and they came up with these five themes --

MR. MYERS: Correct.

MR. RULAND: -- communications,

work hours, scheduling credibility, management comments, and low condition report threshold, and I'm just trying to understand how effective your meetings were you were having with your staff if you got that consistent message fed back to you, too, similar to what the interviews were getting. That's kind of what I'm looking for.

Did you hear those same themes from your staff?

MR. MYERS: Absolutely. I mean, all the time. We get the communications message, and we're constantly working on that. We got -- we think we've been doing some pretty unique things we're improving in Operations. We've worked on the -- throughout the outage, we've worked on the Ops four C's meetings. We've worked in the meeting to improve the communications. Before we came over tonight, we met with a group of employees, shared with them the results of what we're going to tell you, but communication in the world we're living in right now and -- is pretty difficult all the time, so we get that theme a lot, and we knew that in like the quality area some of the things that -- there were perceptions in schedule over safety that were received during the NOP test.

Now, Mark -- they told us that. Mark was setting down with some of the quality guys already, we already had the meetings and sat down and hashed that out, made sure we understood it and come to resolution, and they reaffirmed what some of the employees had told us already, you know? The only one that I would say surprises me a little bit here is the low condition report threshold. I mean, that's not something I hear a lot, you know, but, other than that, there's -- it's pretty consistent. One of the reasons we wanted to do this is I got -- let me wrap up one of the reason we wanted to do this is to validate what we as a management team think the truth is. You know, they'll tell a contractor, an independent team, what they think. They may not be telling us. There's pretty good alignment in what we hear every day and the results of this survey. Does that answer your question?

MR. RULAND: I think so.

MR. MYERS: Okay. Now, where was I? 27? From a -- also from some of the corrective actions we've taken, managers were provided, once again, with the results to get through that, and we've implemented the normal online scheduling process. We are having -- and you saw that in the

RATI, we're implementing that about the time that you were here. We were having some problems, you know, with the Operations area there, but we think we got those problems either resolved or being resolved as we speak. The next slide is --

MR. THOMAS: Can I ask a specific question --

MR. MYERS: Sure.

MR. THOMAS: -- on action taken to improve communications within Ops? Can you elaborate on that a little bit?

MR. MYERS: Yeah, I'm going through that right now.

MR. THOMAS: Okay.

MR. MYERS: Next slide. Go back one. Okay, in the Operations area, we've had some stand downs with the operators and communications meetings. One of the key things, though, that I think is very important is that the Operations manager is now leaving night orders each and every night which includes schedule items, expectations, changes in plant conditions, conduct of operation issues and other observations that's been made in the past 24 hours. That's the agenda of items. There's people that go -- on operating rotating shifts that

you may not, you know, on a typical rotation that you may not see for four or five weeks depending if you're back in the program, so the night orders are a key tool in establishing that communication, so -- so we're taking actions to -- to ensure better communications in Ops, and we'll be have -- continue to have some meetings to monitor our effectiveness there, and I'll be happy to share some of that with you in our meetings. Mark, you have something to add on that?

MR. BEZILLA: Scott, also in Barry's and my presentation, Barry will talk a little bit about some of the additional things that's been going on with communications from operations.

MR. MYERS: Another area we think that's going to help us from an Ops standpoint is we moved the organization to more of an Ops support organization now. You know, we used to have what's called outage center run by the Outage Director. Now we have the Operations Support Center. We think that's fully effective. It's run by Ops. The organization is funded around the Ops organization now. We can get all the stuff from the Ops schedule, for instance, and you're supposed to have a tag-out that can be removed tomorrow and you can

start driving the maintenance organization now, and you can have that work done -- and you can have that work done to make sure we have the operators there and we can tag-out, see, so -- but if you don't have that stuff loaded in, you know, I believe the schedule is communication tool, so -- so we think that the Operations Support Center have been leading the schedule and that Operation Support Center is going to help with communications also. One of the things that we did to be sure the operators in the restart readiness review were ready to heat the plant up was we made sure that the operators got a couple days off last week, so -- we specifically asked about critique questions prior to heat-up this time and got pretty positive response there. Several of our hours of our time was spent last week -- we came in Sunday night and spent probably four or five hours on the restart readiness review before we started to heat the plant up, and at least two or three of those hours were spent going over these general themes and what actions can we take to ensure that we are getting them all from these themes, as you will, and some of the actions we've taken is we've got a -- we've asked our supervisors to take -- to leave a form up and we're asking our supervisors to survey

their organizations every day, feed that back to management and then in the management meeting we're going over any negative results that we're getting from our employees about the actions we're taking. We're also willing to take anonymous feedbacks. You can take a form and fill it out and turn it in to us, and what that does is it lets them go through a lifetime process so we're not waiting weeks to find out that something is festering and questions are being asked that we don't know about.

We've also took our industry observers and we're -- we get taking the themes and we've made that part of their shiftly turnover to give us feedback on how those -- if they see the areas where people are complaining that we're driving the schedule too hard, schedule over safety or something like that, so -- so we got our management observers now focused in those areas and giving us lifetime feedback also.

And then one of the things we did last week as part of the restart readiness review, we talked about Safety Conscious Work Environment and the half-life there, so it's been awhile since we did our Safety Conscious Work Environment trainings, so we brought our contractors back in to do that training for us and we did refresher training with all of our

managers on Safety Conscious Work Environment, so we could make sure we were focused on these types of issues, and we did that last week, so that's completed, and then changes being made to the NOP that I talked about, and what we're doing there is making sure that the NOP, once again, has the language in it that we expect people to utilize when implementing the change. I mean, it's pretty black and white when you look at it, and we can put some philosophy in that procedure, and I think it will make it a much better procedure, so we're doing that as we speak.

There's some additional items that we need to take action on, and that's -- once again, we trained our managers, did refresher training on our managers as part of the restart readiness review, so we did that with the supervisors, so what you'll see us doing is in the near future -- probably the first quarter or so is, we're going to go back and do refresher training on Safety Conscious Work Environment, then to the supervisor levels, and so we'll be doing that.

We have this group of principles that we need to hold ourselves accountable to called Leadership in Action principles, and they're the behaviors that

we're supposed to demonstrate. You see those on our wall at the plant in our meetings. We're going back to the senior leadership team and making sure we're reinforcing those standards in each and every one of our meetings. From a CAP standpoint, Corrective Action Program, standpoint, we really believe that this is a big change using the CAP database to collect procedure changes. What that did was it did away with a lot of other database, solicited change. We need to go back and reiterate that our commitment, that we believe this CAP database is a good tool for us. One place that we look at all information and -- but that is a change and we need to reiterate our commitment to using the Corrective Action Program as the change process and the database at our plant. We're getting some push back to that area right now, but our election is we're going to stay in force there.

Another thing that we felt if we need to improve on something, we will, making sure that we're out visibly advertising the Corrective Action Program and -- the ECP program rather, and the Safety Conscious Work Environment program, and so we're going to -- what we can see them doing over the next month or so a more pro-active approach and we'll have

to lay out a plan -- we'll give you that plan, but what we're going to do is make that an action and really go out and solicit use of our Safety Conscious Work Environment tools and our program, our ECP program, and then develop and communicate a second specific corrective action. Now that we got this data and everything, we're going to schedule some specific meetings in each section, Mark and I -- myself or a quantity of 10, Barry, and probably some others, but we want to make sure we come to alignment with our employees on these issues, so we're going to share this result with all of the employees in the various groups and make sure we come to alignment there, and we'll do that during the first quarter also.

There's some actions we're taking to monitor effectiveness. I have sort of shared some of those with you here. We want to go -- you know, rather than just have a situation where we find out about some of this stuff when we do the survey, we want to go for more of a real time assessment. You know, what happens is when you're seeing some of these issues is like a -- the term I use today is like a bear collecting postage stamps. You collect these postage stamps, you collect them and finally you have

an issue, so what we need to do is we need to be more effective lifetime about finding these postage stamps, these issues, and that's the reason we put in this process now where we're asking the supervisor for the survey every morning and we're also asking the management observers to perform assessments for us in these various areas. If we see -- what we're going to do here is we're going to establish a process theme and if we see emergent issues, then lifetime we'll be able to push back on those issues immediately rather than wait two or three months or six months before we find them out, so we're going to put a team together at the plant that will help us focus on issues as -- and look for those issues on a daily basis.

MR. THOMAS: Lew, what type of -- I'm not asking for names, but what type of individual or numbers of individuals would make up this team?

MR. MYERS: We're probably looking for individual from each group.

MR. THOMAS: Experience? What types of experience does this team have to be able to -- to identify them?

MR. MYERS: Well, right now I don't know that we got that far enough. We're going

to look for somebody in the maintenance shop that will help us out there, somebody in plant engineering, it's going to be our employees. If we need to give some training in this area, we will give them training, but we want to get down to the grass roots, of course, so we would hope that -- sort of like human performance. We want to get a sponsor from each area as such.

MR. THOMAS: Is this supervisor level? Manager level?

MR. MYERS: Employee level.

MR. THOMAS: Something else?

MR. MYERS: Employee level.

MR. THOMAS: Well, employee level is everybody.

MR. MYERS: Down below the supervisor level and maybe there will be some supervisors in there, too.

(To Mr. von Ahn) you got any comments here for us?

MR. von AHN: Can you hear me?

MR. THOMAS: I can hear you, they may not be able to.

MR. von AHN: There's certain attributes we'll look at in an employee. We want

the type of individual who can elicit the responses you're looking for, somebody who has, for lack of a better term, a friend to everybody who's well respected, speaks their mind, so the employees feel that they can talk to this person. Those are the types of characteristics we'll be looking for in leadership in this team.

MR. MYERS: You know, somebody that's a leader in the organization, communicates well.

MR. von AHN: And it may not -- it could be a supervisor. It could be an employee. We're looking for certain traits and characteristics and one that is level in the organization. Of course, lower is probably better.

MR. THOMAS: Well, the reason I ask is, you can address the issue once it's identified, but it has to be identified --

MR. von AHN: Right.

MR. THOMAS: -- so that's --

MR. von AHN: That's why those characteristics are so important to have that individual a trusted individual by a large population.

MR. THOMAS: But that individual

has to be able to identify the issue as --

MR. MYERS: We would hope that some of these other feedback mechanisms would help identify the issues also. We're asking the supervisors to survey every morning, asking our manager observers to look for these kind of themes in the organization, and one of the people on the team see the issue, and we'll take anonymous issues also, so we hope that that recursive process will help stimulate a lot of feedback for us. Okay?

MR. HOPKINS: Lew, what Senior Manager is going to be responsible for this team? Mark or Fred, Steve Loehlein, Mindy?

MR. MYERS: Mark.

MR. HOPKINS: Mark? Okay. So we can go to Mark with questions?

MR. MYERS: Sure. And then another thing we'll do in the next few months is, within the next three months or so after start-up, we'll bring in a -- we'll bring a team back in and perform another assessment -- is that our vision, just like we did today, and if we are still having frequent meetings, then I'll be glad to share some of the feedback with you at that time and then we would also anticipate finally another survey somewhere in

the fourth quarter of 2004, beginning of the fourth quarter, something like that, typically you should, say, about a year to perform these surveys.

MR. WRIGHT: Lew, as Fred indicated, the corrective actions that you took in the March time frame or following the March survey were not as effective as you had hoped that they would have been.

MR. MYERS: Well, that's what Fred indicated. I didn't say that.

MR. WRIGHT: I said that's what Fred said, yes.

MR. MYERS: Right.

MR. WRIGHT: When you take a look at some of the corrective actions that are here, you look at improving communications within the Operations Department. You have been working on that for the last almost two years now.

MR. MYERS: Right.

MR. WRIGHT: When you -- when things come down and you've been taking actions and they haven't been very effective, you know, it really puts you in the spot of fixing two problems; one is, you got to fix whatever the problem is itself --

MR. MYERS: Correct.

MR. WRIGHT: -- that you've identified.

MR. MYERS: Right.

MR. WRIGHT: The second piece is you have to look back and say, why haven't we been effective. I mean, you can keep addressing what the issue was and you'll eventually get it, but you really need to go back and look at why haven't we, in this case, as the management team, you know, your team been effective in getting these things fixed upfront?

MR. MYERS: I'll --

MR. WRIGHT: Did you see any of that here?

MR. MYERS: I'll agree with that somewhat because I think that during the NOPT test, we changed some of the ways we were doing business like our weekly meetings, we have weekly meetings, during training with the operators, do as many of those as we're typically doing, but, once again, I want to tell you the overall survey results here are positive. We've seen a few questions that's got some negative trends and we're also in a situation where the focus right now is squarely on the operations and maintenance and these groups, so

they're under more stress, which means we, as a management team, need to be more sensitive to those groups right now, right? That's what that's telling me. We need to be more sensitive to those groups, but I wouldn't sit here today and say that the actions that we've taken to date were ineffective.

MR. WRIGHT: I didn't say they were ineffective.

MR. MYERS: Right.

MR. WRIGHT: I said they were not as effective as you had hoped they would be, but I guess I'm still concerned that with all of the emphasis on communications, with the emphasis we've been hearing about the management accountability and leadership --

MR. MYERS: Right.

MR. WRIGHT: I have been hearing about that now for the last 18 months and yet we're finding, based on this survey, that, you know, anyways, not the surveys, but the follow-up that Fred's group did, you know, that there is some issues there that people are -- you know, that they may not be following all of the precips in that -- in that plan, and so I'm kind of wondering after all this time, you know, what is there that's stopping people

from seeing some of this or, you know, responding positively to your actions?

MR. MYERS: I would go back and say, again, you know, I'm not sure that there's any specific thing I would point to, but I will tell you, though, the stress in the organization shifted to the areas that we saw the negative responses, which doesn't overly surprise me, you know, and it is something that we needed to go deal with, but when you put more stress on those particular groups, it causes some -- it causes changes in the behavior, and that's what I think we're seeing now. We -- you know, I think since this survey has been taken, for instance, in Chemistry, we've talked about the surveys indicated that they did already, but that problem is fixed, you know, just needed fixed, okay, so that schedule issue, there are still some questions that after the NOP test, some of the changes that we made in people's lives. You know, we made changes in people's lives when we changed their schedule. Now, that may not be perceived positive -- there's also some people in some different jobs, you know, after the NOP test, we reorganized after that. I would expect to see some negative results from that. What we have to do is

continue to focus on why we took those actions and demonstrate that they were right. We may have done better than we -- what I would say we could have done better at it when we took some of these actions we could have done better at implementing our communications plan that we didn't do as formally as we should have, so -- and you'll see that theme in here, too. We have a changed management process. When we made changes in Operations we didn't physically roll that process out and go through it and develop the communications plans as well as we could have, so that's a good lesson learned for me, and we're starting to do that better in the future.

MR. WRIGHT: Yeah, I think you're getting around to what I was getting to here that -- I mean, part of whether it's changed management, or, as you said, the focus of activities at the site have kind of shifted over now to Operations --

MR. MYERS: Yeah.

MR. WRIGHT: -- and it's over to other organizations. Part of the responsibility of your organization then is to see we -- this is shifting, what do we have to do to -- to lessen the impact of that shift or -- and I think that's somewhat what Scott was acting on -- asking on,

recognizing that you may have a potential problem before you get there as opposed to, oh, we've got the problem, now let's fix it, stop the problem from happening, and I didn't see that specifically addressed --

MR. MYERS: Well, I think the way we address it is the lifetime monitor. We're going more to being more pro-active to looking for these type of issues. We're going to put this -- like a human performance team, they said there's going to be a Safety Conscious Work Environment team together to help us identify and solve problems before they would come. I'd say issue before they become problems, okay? Does that answer your question?

MR. WRIGHT: Yes.

MR. MYERS: Thank you. Let me sort of summarize where I think we're at from a conclusion once again as -- from a Safety Conscious Work Environment standpoint at Davis-Besse, you know, I mean, I think all the indications that we have, our scores are still very good -- probably not the best in the country, but they're good scores, and the Safety Conscious Work Environment, I think, supports restart. The Safety Conscious Work Environment Surveys continue to show improvement, and my question

to the NRC and now you can see, the leadership is there, we're going to continue to focus on these areas, and we expect our surveys to indicate and if it goes the next three months, we'll come to you again, and we expect the next year's performance when we do the Safety Conscious Work Environment Survey results continue to show improvement, you know, and we're going to monitor those things, so we expect the NRC to see improvement in the Safety Conscious Work Environment. It's a commitment that we have, and that's all I have. Thank you.

MS. LIPA: Well, I have been listening to this and trying to piece it together. You know, I think of it like a scientific experiment and one in where you do a survey, you had some data, and then you're trying to analyze the data, but in the middle of that before the survey review team got started you had already started implementing some corrective actions, so I'm trying to understand if that might have had an impact on the results of the survey, in fact, some of your, you know, all-hands meetings.

MR. MYERS: Right.

MS. LIPA: Have you taken the time to consider how that might have affected what

you heard, or do you think it didn't have any impact?

MR. MYERS: You know, one of the things that -- you know, we can take all of the -- do all the actions that we want to, but one of the things that we want to do is bring an independent team in here of industry experts, let them report to our quality organization, and they will tell independent people things they may not tell us, you know, and what we found is that in general we have pretty good alignment with the same kind of things that we're hearing. I don't see that there was any messages that -- the one area that -- there was one area that I saw, and that's the Corrective Action Program, it's a little stronger. I would not have expected that to raise to a theme level, but I don't see that they told the team anything significantly different than what we hear as a management team, which is, I think, a healthy situation.

MS. LIPA: One of the things I heard you say is from the initial all-hands meetings that you had, you were thinking that this change in the pay policy might have had some affect on the survey results.

MR. MYERS: Right.

MS. LIPA: But I didn't hear that

as a theme from the teams.

MR. MYERS: Well, you sort of did because it has to do with the amount of overtime in the management area that we pay for.

Fred, do you want to comment on that any?

MR. von AHN: Yeah, I can comment on that. The team was actually surprised that didn't come out as a theme. The theme that came out was the long working hours, not necessarily the compensation issue, and we're quite frankly surprised, but that is one of the external factors we looked at was the change in the compensation policy, just wasn't there; the long work hours was.

MS. LIPA: Okay. And the other thing I was thinking about is back on slide 23 when you talked about the survey review team concludes that Safety Conscious Work Environment supports restart. The message that I got from that was that with or without the corrective actions the team's recommendation is for restart, or does that take into consideration the fact that some of those corrective actions already have been implemented, so if you could -- do you understand my question?

MR. von AHN: Yes.

MS. LIPA: Okay. Slide 23, does

that have anything to do with the strong corrective actions that are described on 26?

MR. von AHN: It does not have to do with the corrective actions that were already implemented. It had to do with the overall response we got during the Safety Conscious Work Environment Surveys, the positive comments, and as I've discussed, the negative impact, given that the team concluded that the Safety Conscious Work Environment supports restart; however, we're committed to a, as I said, a robust, very strong Safety Conscious Work Environment, so we'll be driving toward -- every one of those being completely green with zero negative responses. Did that answer your question?

MS. LIPA: Yes, you did. Thank you.

Anybody else have any questions on this topic?

(NO AUDIBLE RESPONSE).

This would be a good time for a 10 minute break?

MR. von AHN: Yes.

MS. LIPA: So we'll be back at 7:45.

THEREUPON, a brief recess took place.

MS. LIPA: Okay, we're ready to begin.

Were there any other questions on the first section?

(NO AUDIBLE RESPONSE).

MR. BEZILLA: Okay, thank you, Christine. Next slide, please.

The desired outcome for this evening is to communicate our assessment of operations. We will cover the areas requiring continued attention, corrective actions implemented and planned, and we'll provide our plan for readiness reviews and effectiveness assessments now through 100 percent of our operations. Next slide, please.

I'd like to turn it over to Barry now.

MR. ALLEN: Thank you, Mark. Next slide, please.

Our observations of the RATI team observations aligned and improvements are needed and consistent implementation of our management tools. There's a list of all the slide shift turnover, pre-job briefs. There's various items that we both observed and feel like we need to improve our consistent performance in just, for example, pre-job briefs. We had seen some pre-job briefs done

extremely well at the station. We have also had observations for pre-job briefs, used checklist and other tools, but we were not fully prepared to implement those effectively. The predominant tools that were focused upon improving of the observations that we've taken, the RATI team were listed up there, I'm not going to read those to you, but those are the issues that we're focusing on now in Operations. Next slide, please.

The barrier chart up here illustrates the barriers that exist to prevent or identifies challenges to the organization. We've used this slide before. Our observation programs have given us some indications of how we're performing as an organization. What we've seen is that our oversight barrier, management barrier, program barrier have been pretty effective, and we've had good results and those barriers help us to either eliminate or reduce challenges to the organization.

We've also had observations that leads us to conclude that we need to improve consistency of our performance on an individual level that complement the individual area. For instance, as a station we continue to demonstrate that our procedure usage adherence barrier is performing very effectively.

As we encounter problems, we're stopping, we're resolving the issue before we proceed on; however, by the same token, our greatest opportunity for improvement is that we use that barrier to identify in a more consistent manner those issues in a planning type activity as opposed to implementing activities. One of the things that we're observing at the station is that as we have improved our performance and our procedure usage adherence, as our standards have improved from a personnel standpoint of that area have become more consistent. We are finding more low level minor deficiencies in our procedures, and we are having to stop, deal with them and resolve, and then our focus then is to work in finding those issues and be in the pre-planning, pre-staging, previewing type arena as opposed to when we're working. One of the things we have found through benchmarking with two other restart units is that as they went through similar evolutions and raised their level of performance of expectations in terms of procedure adherence, they also encountered very similar instances such as we have, which is low level, minor, latent type deficiencies and procedures that we have not picked up in the past, but there was a new rigor still in the Operations organization.

We're now catching that through our processes and stopping and dealing with those issues.

In the corrective action section, the policy was always discuss our actions to strengthen all the barriers and how those actions help us to prevent and minimize challenges to the organization. Next slide, please.

Based on our observations, we performed an assessment of our performance. We formed the Site Team to help us look at our performance in the Operations area. It was proposed a site member, but we also utilized an outside consultant to help review our results. The assessment team used several methods of analysis, the Barrier Analysis, the TAP Root method, and Human Performance Evaluation System all those to help us evaluate our performance. One of the things that we determined going through that process was that our standards and expectations at the station meet industry standards. We don't need to revise our standards, but they do appear to be acceptable from an industry perspective. The problems we find for the team that we need help to solve is that the Operations Department is not consistently implementing our departmental expectations and standards. Preliminary causes that

we've looked at rolled out a couple particular issues. One is the perception on the part of some operators that they felt they needed to complete their activities within the time allotted, the time scheduled, versus making time needed to thoroughly prepare prior to execution.

The second component that we discussed as we went through this process was the perception on the part of some of the operators while they understand the administrative procedural requirements, procedural statements are requirements, lower level business practice statements in some cases were not viewed as mandatory site level adherence as procedure. In other words, the business practice statements were viewed as standards of excellence that we would strive for, but were not viewed to have the same rigor establishing required. Next slide, please.

Actions were taken to help us consistently implement management tools we've talked about to identify the assessments. Our Operations resources have been loaded and levelized within our scheduling process. Our Operations activities are now included within the schedule. We talked to Mike Roeder, Operations Manager, today. We're getting a level of

detail. We're scheduling in shift turnover for Operations for when we have scheduling and tag-out time for evolutions requiring significant tag-out time. Pre-job briefs for significant operational activities are included and noted and delineated within the schedule. All the pre-job briefs for plant heat-up have been scrubbed. They were validated on the simulator. Those were all verified and validated. We also worked to reaffirm and make sure we have clarified roles in the Operations Support Center, that's supervisors Operations superintendent, to ensure that he and his team understand their role in helping us at the station implement our procedures, our standards and our expectations. That includes such things as ownership schedule, understanding that schedules have to be correct. It's our responsibility to make that happen, make sure that our operational activities include the details required, and then as we have issues with the schedule, either getting activities kicked off or issues on execution that we then notify the senior leadership team, appropriate management team promptly so that we can go with the rest of the scheduled issues.

Lew's also talked somewhat in his

presentation about improving communication between Operations management and shift management. We've anchored that in our night orders, strengthened that quite a bit. For instance, the quality observations and insights that we get, insights we get from our independent Operations oversight managers, all the feedback we get on a daily basis. That information is rolled up for Operations. That's included in the night orders so they understand what the critical content and feedback is coming in from oversight observations, that is we attach our expectations to show where we are in meeting or exceeding our expectations and where we see deficiencies that still need to be corrected, and we also look for management tools to reinforce the positive changes in behavior, so as we see positive things in the organization occurring, these numbers are not only helping reinforce, but, yes, this is the -- this is the expectation we're looking for.

We've reinforced our management expectations for preparations on job activities, and we've identified individual level of ownership for Operations activities, so our schedule offset activities are not just by shift or just by crew, but it's down to the name of the operator who is

responsible for preparing and executing that. Next slide, please.

MR. THOMAS: Barry, I'd like to ask a question about reinforce management's expectations for preparations, could you elaborate on that a little bit and tell me to what level those expectations were communicated?

MR. ALLEN: Sure, Scott. I would say in several ways. It probably goes all the way back to where we had the all-hands meetings that we talked about where we did some of those. We talked about schedule and preparation in those. As far as reinforce management's expectations, we made sure we redefine those roles for the folks in the Operations organization being that they are most closely impacted with that. Myself, I spent about an hour to an hour and a half with each of the Operations group discussing why that was good, why that was important and how those expectations or preparations were keys to our success, so we've done that several ways.

MR. THOMAS: Okay. I guess I'm looking for a little -- let's focus specifically on surveillance and the integrated plant procedures and infrequently performed tests which is basically --

MR. ALLEN: Okay.

MR. THOMAS: -- down to the NLO level, you know, what the expectation is for that individual for his little, small part of --

MR. ALLEN: I'll give you a quick example, Scott. I'll follow this, and this will come up a little bit later, but just --

MR. THOMAS: Well, I mean, you can wait until then.

MR. ALLEN: But if I don't get your question answered before we get through with the actions we've taken, well, let me know, we'll provide you some documentation.

MR. THOMAS: Okay.

MR. ALLEN: Okay, we developed written review criteria from an activities standpoint for preparing activities, that's captioned and anchored by that -- that's somewhat equivalent to what you would think as a maintenance walkdown type sheet. Operations has developed a similar criteria for operations to prepare for evolution. We've also designated management oversight for significant operational activities coming ahead.

We're also piloting a real time system readiness assessment, and this is where we're looking

at systems we have not yet placed in service, okay, or major components we've not yet brung -- bringing them back to service to heat-up and restore the plant, so we're piloting this readiness assessment to include the management ownership and sponsorship, maintenance representatives, and operations SRO's in charge of the evolution, a responsible system engineer, so we're getting that team collected and formed ahead of time before that evolution takes place, and then that team is responsible to ensure that we have real time look at that system component and that it is, in fact, it's scrubbed and ready to run as we can determine, so that includes such things as that team performing a walkdown, reviewing all of the condition reports that are out there on the system of components. We set a standard to go back and look at the last three times we have run that system for that component to look at what our history was there, what our parameters were, did we challenge the interlocks, did we challenge the limits, what's our internal yield, that type of thing, and issues, what likely issues we might have when we put that system in component service and then for what contingency do we need to plan to lay out as we're prepared to do that activity, and then the next step,

I think it kind of comes closer to your question, Scott, as that team is preparing for the next evolution coming ahead, we've missed the team challenge reviews, the challenges to that team to challenge ourselves in a professional manner to assure ourselves that we are, in fact, ready to proceed. And so when that team is ready, they get the senior leadership team either on the telephone or some folks they do it with parts, in general, it's a combination, some folks who are at home, some folks who are at work, and we're challenging that team, going through and asking, okay, what have we done to prepare, have we looked at this, have we considered this? Did we look at previous guides, what are our contingency plans, so -- I'll give you an example. We didn't just estimate this the other day, so last night a little before 0300, you know, we all got called in, personnel who run some teams at the station called those of us at home, and we talked about bringing operation injection back to service. We talked about steam feed rupture control system, bringing impact to service and we stopped and talked about how Aux feedwater brings impact to service, and in each one of those evolutions, we were looking ahead of time in the senior reactor operator who is

the test leader for that initiated that expression with the leadership team with responsible engineering present and/or engineers and/or maintenance personnel were involved in activity, and we talked about what we have done to prepare all the type of things that I mentioned to you awhile ago. We've gone through the scrub, what's our history, what's our contingencies, and so we're setting ourselves up again to go back and look at what we can do to focus on eliminating and/or reducing those challenges in the organization for better preparation of the plant.

MR. THOMAS: I think all those things are good, but I was focused more on shift manager down. What you explained was shift manager up, and, you know, including engineering, you know, in that.

MR. ALLEN: Let me go a little bit further, Scott, so, for instance, last night we talked about some of these evolutions, who is involved? We got down to here's the equipment operators involved. They've reviewed it. They have gone out, they walked it down. They're prepared to do the activities, so it goes down to --

MR. THOMAS: Okay, that's the piece that I was looking for.

MR. ALLEN: Yeah, it goes all the way down through the organization.

MR. THOMAS: And is that type of preparation and ownership also present for the routine evolutions, you know, that may not require infrequent performed test and evolution briefs, just the --

MR. ALLEN: Expectation is the same. Now, we're not necessarily going to have a management oversight person on that. It will be -- it will be the Ops superintendent -- the Operations Support Center supervisor that does have that role for all of those other activities, you know, but the same expectation or preparation exists, so there are activities that are put on the schedule that does designate either specific brief time, preparation time, or for very simple activities we loaded in enough time to allow the Operations focus to do the preparation activities, and, again, it goes back to we own that schedule. We're responsible to ensure it's appropriately levelized the level of our resources to ensure that we are maximizing our opportunities at the plant to prepare to go -- obviously, we can still run into things like issues and procedures, you know, as we raise our standards

we find low level issues and procedures we have to deal with, but we're instituting that across the board, Scott.

MR. THOMAS: Okay.

MR. ALLEN: In Operations, we've also completed refresher training on common operations in our business practices, was essentially a full shift to try to -- of maintenance crew, they go back through, so all Operations persons will be available. There's six or seven folks who have not been because of illness or other reasons, but all level of Operations personnel have been through that and tested. We have focused our observations on the areas that we recognize need improvement, so that includes, again, pre-job briefs, shift turnovers, our adherence to standards and expectations, consistent communications. Again, we're taking that feedback back to the organizations through minor over stuff to ensure that we continue to improve in our performance.

We've also instituted a daily phone call with the FENOC executive leadership team, so on a daily basis now, we're taking all the feedback we're getting from independent sources internal and we're debriefing that with the executive leadership team,

which then again is giving us another independent oversight area, and they are critiquing what we're doing with the information and challenge us on a daily basis. There's a couple issues there also at the bottom you'll see that we discussed with the RATI team that may not tie directly in with the Operations piece I have been talking about, but we did have discussion with the RATI team, so I'd like to, you know, briefly cover those just to get that cleared up as well.

One of the issues that the RATI team discussed with us was the qualifications of our plant engineering and consistent leadership. We've addressed that and resolved that. Qualified individuals are now assigned as either the primary engineer, the backup engineer or as a designated mentor for those engineers that are required.

We've also ensured that all of our restart readiness affirmation forms have been reviewed and either signed or countersigned by qualified individuals. Engineering has for the mentors, signed mentors for all the system engineers with written expectations for those mentors describing what their oversight activities and responsibilities are and help develop that.

For measuring and test equipment issues we had some discussion with the RATI team on that. We've also addressed that, the more significant actions that have been taken at the station. One thing is we now no longer check out measuring and test equipment to organizations, so we will not check out M & TE to Operations. We will not check out M & TE to radiation protection. We will check out the individuals so we have individual accountability, and, therefore, all individuals who also get travel, which requires documentation where they use that measuring and test equipment, so we got -- we have better standards, better controls to ensure we understand where our M & TE is used at the station, so we feel we have done a good job with this.

MS. LIPA: Barry, you talked about plant engineering qualifications and at the RATI exit -- at the Restart Assessment Team Inspection team exit that was just 10 days ago, there were some percentage of folks that were not qualified.

What have you done to -- you said they are now all qualified?

MR. ALLEN: No, if they were not qualified, Christine, we just can't go qualify

individuals.

MS. LIPA: Right.

MR. ALLEN: So what we've done is we said, okay, we either got to have a primary engineer who may be learning the system, if he's qualified or she's qualified, that's great. If not, we're looking to ensure, can we have the backup engineer, that person is qualified in the system, so their backup person may be qualified or we're assigning a mentor who may be qualified, so part of that is as you get new people in new positions, you have to train them, you have to groom them, you have to help them develop to become qualified, but for those positions, we're assuring that someone -- if it's not the primary person, there's a backup or designated assigned mentor, their responsibilities is qualified for the systems.

MS. LIPA: Is that a short-term action and you have a longer term action to get them qualified?

MR. ALLEN: Long-term is to get everyone qualified.

MS. LIPA: Do you have a target date for having them all qualified?

MR. MYERS: It's in our plan.

MS. LIPA: What page?

MR. ALLEN: In 2004.

MS. LIPA: Okay. So you're doing a long-term plan. You talked about your short-term plan.

MR. ALLEN: Right. Next slide, please. Actions to be taken to help us ensure we're consistently implementing management tools we discussed, we have benchmarked and enhanced procedure for pre-job briefs. That's given us some enhancements and changes to our pre-job briefing procedure which we're in the process of making those procedure changes, they are drafted and going through the Operations Department right now. Also, as an outcome of that, we'll be enhancing, revising, our pre-job checklist to focus more closely on limits and precautions and interlocks. For instance, we've got a pre-job brief checklist. You can look on that, it's not clearly out of align. It's kind of a sub tier. Also we're going to ensure that we have alignment between our performance indicators for the Operations section with our actual Operations to ensure that our indicators -- our performance indicators for Operations are reflecting proper performance and we have good alignment there, so

that's where our performance indicators are.

MR. MYERS: We also had to make some improvements to that.

MS. LIPA: Didn't hear you, Lew.

MR. MYERS: The process for the benchmark?

MS. LIPA: Yeah, you got them benchmarked? I didn't hear the rest of your statement.

MR. MYERS: We actually looked at the procedure that we benchmarked and we think we can make some enhancements to that.

MR. ALLEN: In summary --

MR. THOMAS: Can I ask a question, Barry?

MR. ALLEN: Yeah, you got a question, Scott?

MR. THOMAS: Yeah, the problem on Page 36 says the Operations Department is not consistently implementing department expectations and standards, and let me elaborate on that, and please correct me if I'm putting words in your mouth, but one thing that the RATI identified was that your senior reactor operators on shift weren't consistently enforcing Operations management

expectations, and I don't see any of these corrective actions that specifically go to addressing that issue on a shift -- you know, shift for shift type basis.

MR. ALLEN: Okay, a couple things there, Scott. Again, I'll go back to the refresher training that we gave the Operations crews that the Operations manager kicked off on sessions. The intent of that kickoff was to ensure that we all were on the same page. In understanding that, the standards and expectations brings us to the green mode, as we typically refer to some of our practices in our business practices. Those are understood that those are requirements. We will adhere to those. We will hold ourselves accountable to those. Then on a day to day, shift to shift basis targeted our independent oversight managers, our internal management assessments and ask the quality organization to look at those standards and expectations that we were not meeting and performing on to target those in the observations and on a daily shift basis give us that feedback, it helps us enforce that we are meeting those expectations, or, if we have shortfalls, we identify those and we identify the issues in a strong and positive -- or issues that we need to correct, and we're taking that

and immediately feeding that back into the night orders with reinforcement of what the expectations are and then again reinforcing positive for those, so we're looking to reinforce that issue.

MR. THOMAS: Okay.

MR. MYERS: It seems like, for instance, pre-job briefs, that schedule, when we prepared it we did a pre-job brief, so there was -- for those activities that are complex, were physically scheduled on a preparation basis to the person, so that should -- we would expect that to improve the standards in the pre-job briefs.

MR. THOMAS: Okay.

MR. ALLEN: Scott, I'd also like to tell you just as an independent look at, as we're getting called up to challenge the organization before we can proceed with evolutions, we're going to discuss the things that are in that preparation top phase, we were inconsistent with our performance, and so the leadership team at the station is given the opportunity to challenge that team, is getting ready to take that evolution on as they call us before they go to do their briefs, you know, with the opportunity to force out with their argument on the expectations for preparation. Of course, we have oversight

watching us execute and management oversight watching us execute, so --

MR. MYERS: We seen some good examples this week where we talked about the preparation phase.

MR. THOMAS: Well, let me ask a question. You talked about management observation. What's been done to strengthen -- I mean, that was an identified weakness in the Normal Operating Pressure Test, that management oversight was less than effective in addressing -- in identifying some issues.

What's been done since then to better prepare your managers that are performing that role to be more effective?

MR. ALLEN: Well, one of the things we have done is we have delineated the criteria that we're working -- we're working towards improvement. We've identified that specifically to the management team so that rather than if we had an issue with observations before, maybe we weren't looking at the right things, we weren't focused on the right things, we may have been desensitizing, didn't recognize we had a problem with some of those standards the same as the Operations Department.

Again, we're communicating. Here's what we're doing with the Operations Department. We're delineating those specific items that we want observations on to ensure as we go through those observations, and we did focus on those areas that we're working on, so I would say probably the best thing we have done, Scott, is probably to sharpen our focus down to these are team critical activities, and we got human performance consistently on. You know, of course, those observations are occurring somewhat in parallel with the independent observations that have been going on, so, you know, we have the opportunity then to compare what our internal observations are telling us as opposed to what our independent external type observations are telling us. We have from our perspective now what we have ourselves focused on, here's specific things we want to observe, we get pretty consistent feedback on those results. You know, it don't seem like a big discrepancy, so I think we have at least gotten ourselves focused on what specifically we're trying to work on in Operations, consistency in the performance.

MR. THOMAS: Okay.

MS. LIPA: Okay.

MR. BEZILLA: Thank you, Barry.

Next slide, please.

Okay, now that we have outlined our plan for conducting readiness reviews and effectiveness assessments now through a hundred percent of power operations, we recently completed our restart readiness reviews for the current heat-up, normal operating pressure Mode 4 and 3. We're currently assessing the Restart Readiness Assessment Team Inspection, RATI, findings, and Barry has previously discussed the actions taken and plan to response to the team's feedback. When we complete our heat-up activities, achieve normal operating pressure, we'll conduct an assessment of our performance. This essentially will include planning, people and processes.

Additionally, we will evaluate our performance again for the criteria we established as part of the Operations improvement actions plan, that being no inadvertent safety system actuations caused by human error to process weaknesses, no significant events caused by human error or process weaknesses, no integrated operator procedure content errors that would have resulted in a planned transient or event, and no unplanned entry or tech spec as a result of operator errors.

Additionally, we'll have an external team review our assessments and conclusions, a peer check, if you will, and I will be looking for convergent validation of the assessments.

Once at normal operating pressure, we will continue to assess our performance. On or about January 8th, we will present our operations readiness for restart to the FENOC executive leadership team. During the week of January 5th, we will conduct our restart readiness reviews for Mode 2 and Mode 1. This is in accordance with our business practice. The next slide, please.

Once restart is permitted, we will perform a post-start-up and prior to generator synchronization effectiveness assessment and then a readiness to proceed review. Again, post-generator synchronization, and after placing the second main feedwater pump in service, we will perform another effectiveness assessment, and then a readiness to proceed review.

MR. THOMAS: Mark, can you elaborate on those whole points a little more? What's going to be happening, what the assessment is going to entail, how long you foresee that taking, a little bit more detail?

MR. BEZILLA: Sure, Scott. In regard to those effectiveness assessments, what we'll do is we'll take a look when we get to those whole points, take a look at how the plant performed, how the people performed, how our processes supported us. Take a look at our observations that were occurring during that time period, take a look at our condition report process for any significant issues or trend issues and then we'll meet as a team and we'll review those and we'll determine if there is any actions that needs to be taken prior to allowing proceeding to the next step, if you will.

MR. THOMAS: When you said the team, is that the senior leadership team? Is that --

MR. BEZILLA: That's the management team.

MR. THOMAS: Management team, okay.

MR. BEZILLA: Okay. And then we also have a form that each of the managers will sign, and then that will be reviewed by Barry, myself and Lew prior to proceeding to the next step, whatever that next step is.

MS. LIPA: So your documentation of that would be a form that's signed as opposed to an actual report?

MR. BEZILLA: That's correct, and I believe we put that into our integrated restart test plan as a supplement.

Okay, Scott, I have the documents I can show you here after the session.

MR. THOMAS: Okay.

MR. BEZILLA: Okay, when we get to a hundred percent power operation we'll conduct a restart test plan critique, and that will be approximately two weeks after being at a hundred percent power operation, and, again, that will look at people, plant, processes, how did we do, and then approximately four weeks after being at a hundred percent power, we'll conduct an effectiveness review, and a personnel assessment of the operation of shifts. This review and assessment will be by our industry Operations oversight managers, and we'll use their assessment to determine if we need or want to continue with industry Operations oversight managers or if we want to move to an internal FENOC oversight observation format. The bottom line on these effectiveness assessments and readiness reviews is to ensure that the organization, we, are ready to proceed with the next step. I expect that we will make adjustments as a result of these efforts. The

desired outcome is consistent performance by Operations and the organization and, as always, safe and eventless operations, and the last slide, please.

I believe that we have taken actions that should ensure that the management tools in place are consistently implemented with performing operational activities. We will continue to monitor and hold ourselves accountable to use the management tools. Our desire is to preview, review, pre-brief and then execute each task successfully. If challenges still arise, we will stop. We will resolve the issue prior to proceeding. That's all I have. Any questions?

(NO AUDIBLE RESPONSE).

MR. BEZILLA: If there's no questions, I'll turn it over to Lew for final comments.

MR. MYERS: Thank you. We talked about post-Safety Conscious Work Environment and our operators today. In the Safety Conscious Work Environment area we continue to show improvement. We will provide a -- continue to provide a strong focus in the area of operations and plant engineering. As the focused area now, if it needs our attention, we'll give it that attention. We

will continue to show improvements in Safety Conscious Work Environment through a more pro-active approach, as we described, by going out and having our supervisors look for issues, have our management process look for issues. We will then develop a team of our employees to a Safety Conscious Work Environment team, have people looking for our good, confident leaders and people that are trusted within the department, and they will have access to the site Vice President, and we'll have them cite the issues before they become problems. We think that will carry us a long way in improvements, continue to show improvements in Safety Conscious Work Environment.

From an Operations standpoint, we've already taken some strong action. We've trained all our -- retrained all our shifts in conduct of the operations. The basic focused areas that we had issues with was RATI teams here. We think the actions that we took to correct some of the behaviors, talking about our NOP test have been fairly effective. Operators are using that procedure and we seem to have consistency in our routine operations, but we still are having a problem in the area of management tools and getting consistent performance, so that we have event-free

operations and get the desired outcomes each and every time in the areas of procedure usage, pre-job briefs, conduct of operations. We focused on those areas.

One of the big issues that we saw when the RATI team was here is the operations had not levelized and fully integrated in the plant schedule at that time. It may not be perfect, but we will continue to define that. Our expectations are that we will need to perform our reviews, make any adjustments that we need to. We will then implement a monitoring period of approximately five to seven days, and we believe that with success in the near future we will be asking for authorization to restart the Davis-Besse Nuclear Power Plant. Thank you very much for your attention and time.

MR. RULAND: Thank you, Lew. We appreciate the presentation you gave us this evening. I think it's helped us gain an understanding of the actions you've taken, specifically in these two areas, both the results of the questions that we had in responding to our questions in the Safety Conscious Work Environment Survey and on the questions that the Restart Readiness Assessment Team had in the Operations area.

This survey issue is an interesting one. As you're well aware, the NRC doesn't have any requirements for licensees to conduct surveys, and when they do surveys like you've done, we have no requirements on the results of those surveys. However, the NRC has been reviewing this matter because, as you attributed, it was part of the reason we're all here together today, so we had some questions based on the survey results, and, like good NRC inspectors often do, we just don't look at the surface. The overall statements that you're making, I think you had it on slide 4 where, you know, generally the survey results are very positive, and I think we poked and prodded a little bit and said, wait a minute, there's some other questions here that bubble to the surface that we need to have resolved, and that's, of course -- that's the purpose of the meeting this evening, was that negative trend in work groups that are particularly important to the NRC. We wanted to assure ourselves that we understood what was happening here at Davis-Besse in this area before we make any decision, whether to recommend restart or not. I think this has helped us gain some of that understanding. We were a little surprised, I think, this evening where you said that the Safety Conscious

Work Environment supports restart today, whether or not your corrective actions go to complete fruition, but we understand that that's -- you know, you have done a number of corrective actions already and, in fact, your position might -- might be a valid one, but, like all things, we're going to have to poke and prod, and we're going to come out, and we're going to plan an inspection, and we're going to come out and look. We make no prejudgments about what we're going to see, but Geoff Wright, his folks are going to come out and, hopefully, we will be able to come to a common understanding about this matter.

As far as Operations goes, you gave us a really long list of areas that you're working on, particularly to improve your management tools. We know also that you have not concluded that Operations is ready for restart.

MR. MYERS: That's right.

MR. RULAND: We know that, and in this -- this long list that you have given us is, again, it's a blueprint for an inspection, so the NRC -- we haven't made any judgments one way or the other about the effectiveness of these actions, but our next step is to go back, talk about what we heard this evening, decide what we want to inspect and when

and the results of that inspection that those inspections could communicate not only to you, but to the public at large, so, with that, I think that's my concluding remarks.

Does anybody else have any comments or questions? Christine?

MS. LIPA: No.

MR. RULAND: That concludes the business portion of our meeting. Thank you very much, everyone. Hopefully we didn't use too many acronyms. We try to -- we try to correct that now and again, but we apologize when we get too acronym crazy, but this concludes the business portion of our meeting, and if we could come back, at what, about 20 to nine --

MS. LIPA: Okay.

MR. RULAND: -- and we'll open it up to public comments and questions. Thank you.

THEREUPON, a brief recess took place.

MR. RULAND: Hello, we're going to get started in a few minutes. If you could take your seats, please.

(Brief pause).

MR. RULAND: We'll use the usual procedures we do in meetings of this sort. If you

could, just step up to the microphone and write your name down so -- so we can get the correct spelling later on.

Are there any members of -- local officials who have any comments or questions this evening?

(NO AUDIBLE RESPONSE).

MR. RULAND: Okay. What about are there any members of the local -- any members of the local citizenry here that would like to make a comment or have a question? Step up to the mike, if you would, please.

MR. GARN: My name is Kevin Garn.

MR. RULAND: Could you say your name again, please?

MR. GARN: Kevin Garn, G-A-R-N.

My concern is this. We repeatedly tonight heard about the Safety Conscious Work Environment and on slide No. 18, Quality Assurance raised this question. With AD 18 -- AD 1805, Division 27, former plant manager overrode Quality Assurance by taking away the authority to improve the safety related procedures and revisions at Davis-Besse.

Has that authority been returned to the Quality Assurance Department? That's my question and --

MS. LIPA: I'm trying to make sure I understand the question. You're saying there was an authority taken away on a certain date?

MR. GARN: Yes, there was.

MS. LIPA: And what was the date you're taking about?

MR. GARN: The date was the summer of 1985.

MS. LIPA: Summer of 1985? I don't have any information about what was done in the summer of 1985 to be able to compare it to today.

MR. GARN: Prior to that, Quality Assurance had the authority required to approve safety related procedures at the plant. After that procedure was passed, that authority was taken away from the Quality Assurance Department.

Has that been restored to the Quality Assurance Department and the directors, or has that still been voided?

If Quality Assurance doesn't have the authority to do something at the plant, how can it have the responsibility, is what I'm asking.

MR. RULAND: I think we understand the question now, but we don't have any answers this evening, so what we'll do is, if you leave your name

there and give us your address, we'll be happy to provide you a response.

Typically, NRC regulations require Quality Assurance through -- of special impressions, among other things, so -- and I don't think we've identified any problem with regard to that here at Davis-Besse during the almost two year shutdown now, but rather than speculate about what happened back in '85 relative to now -- it's a good question for us, and I appreciate the question, and, you know, we'll do some research, and we'll find out and get back to you.

MR. GARN: And I also --

MR. RULAND: And if you could, maybe after the meeting, just give us your phone number and we could, you know, communicate by telephone, or we could send you a letter.

MR. GARN: I'd also like to bring up one other point.

At that time, a report was submitted in Region III, and Region III asked for a time period to review the facts. After that time period had expired, I called up Region III and they said, we misplaced or lost your report, and it wasn't until two senators from the State of Ohio contacted the NRC

to say we're going to reopen this, reinvestigate this. I hope that will not take place in the future, and it's more of putting in the quality than actually addressing --

MR. RULAND: You know, I'm really having -- maybe it's my 54-year-old ears or something, I'm really having a difficult time understanding you. Could you get closer to the mike and speak louder would be a great help to me. Thank you very much. Sorry for that, but --

MR. GARN: Sure. When I brought this to the attention of the NRC in the summer of 1985 --

MR. RULAND: Okay, this particular concern you've already told us about, okay.

MR. GARN: This report was lost for a period of about 90 days and the response was, well, we don't know, and it wasn't until Senator Glenn and Senator Metzenbaum contacted the NRC did they decide to reopen the case. I hope this would not go to that point in the future.

There's been a number of people that's raised concerns at Davis-Besse with the NRC about particular items that have been brought forward. What has happened in those ways and what has accompanied those

employees in the past, I think that should also be taken into consideration. There were people that brought this to the attention of the NRC prior to the findings.

My question to the NRC is what happened to those findings?

MS. LIPA: I'm trying to make sure that I understand your comments, too, but let me tell you one thing.

The NRC has a process for people who bring concerns to us, and I don't know if that's what you're talking about or not, but let's just talk a little bit about that process. We do have a process, and if people have safety concerns you can bring it to us, and I think we have a very good process. It's well documented and people are gotten back to. There's time lines established, so if this type of concern that you're talking about from 1985 is brought to us and was misplaced or whatever you're talking about and it took somebody else to reopen the case, then I'm not sure what that would mean for today, but I know that we do have this process, it's called the allegation process, and it works well, so that's one avenue. Now, this might be something slightly different and maybe we could talk later so I

could understand better.

MR. GARN: Okay.

MS. LIPA: Thank you.

MR. RULAND: Okay. Any other questions?

MR. RIDZON: Paul Ridzon, McDonald Investments. Just, I wanted to get a sense of the next steps here. FENOC has outlined actions they plan to take, and are we going to have more meetings, more surveys, or is it kind of the proof in the pudding for it to be -- has yet to be scheduled inspections, and if you could give some indication as to when you might schedule those inspections.

MR. RULAND: Okay. So you're basically asking what -- where do we go from here, what's our process?

MR. RIDZON: Yes.

MR. RULAND: The Davis-Besse Oversight Panel will -- as a matter of fact, we're going to start this process tomorrow. We'll have an internal meeting where we'll discuss what we heard this evening, decide on a course of -- a course of inspections that we will need to conduct to confirm, validate what we heard this evening. Along those lines, we will also be thinking about the public

meeting we have scheduled for January 13th. Right now, it's scheduled as a standard restart -- excuse me, our standard oversight, monthly oversight meeting. That's the way it's scheduled today.

We, in addition, once we have this -- once we plan these inspections, we're then going to have to ask ourselves, well, how -- the results that -- we're going to need the results of those inspections for us to be able to make a restart recommendation one way or the other to our management, so, again, we're going to plan those inspections, we're going to have to conduct those inspections. At some point thereafter, maybe coincident with, a restart meeting would have to happen. We would look toward FirstEnergy to tell us when they are ready. Obviously, we're going to be conducting these inspections. In the standard course of business, when we do inspections, we typically debrief with the licensee almost on a daily basis, so they're going to be hearing what we're finding from these inspections, and they are going to be, of course, interested in the results of those inspections, and that would, I would suspect, factor into their decision process about when to ask us to have a restart meeting, so those for sure are the next steps. Let me continue

on hypothetically.

At some point we'll have a restart meeting, and once we would hear from the licensee that they were ready for restart, the restart, the 0350 Panel would meet, and we would recommend -- either recommend or not that Davis-Besse be authorized to restart. We would make those recommendations to our management, and, specifically, Jim Dire in the -- he's the Regional Administrator for Region III and then --

MS. LIPA: Not Jim Dire.

MR. RULAND: Excuse me, sorry, wrong Regional Administrator, excuse me, Jim Caldwell, Jim Caldwell, the Regional Administrator for Region III, and in collaboration with Jim Dire, who's the Director of NRR, and Sam Collins, who is in the Executive Director's office, a restart decision would be made one way or the other, and we'd move forward from that, so that's kind of -- again, I have not specified any dates about when that back end of the process would happen.

MR. RIDZON: Thank you. You gave a very good synopsis at the end of the business portion of the meeting. I was just wondering if you could elaborate a little bit more on what you think

FENOC addressed particularly well here and maybe some areas where you still have -- you may have some concerns?

MR. RULAND: You mean in tonight's meeting?

MR. RIDZON: Yes.

MR. RULAND: Well, as I stated at the end of the meeting, one of the things that surprised us a little bit was that FENOC said that Safety Conscious Work Environment at this point was -- Safety Conscious Work Environment at Davis-Besse was ready for restart. Well, that's not a big surprise. It was something that was a little unexpected for us. It's not, you know, in retrospect, it's not that surprising given what the results of their survey found, so we're -- like I said -- like I said before, we're going to have to go out, kick the tires, kind of find out, you know, confirm for us, for ourselves, what -- what folks at the plant are saying, and kind of arrive at our own independent conclusion.

Operations, if you noticed, there was kind of a lengthy list of actions they were taking, and given the importance that we placed in Operations, I think that's appropriate, how effective those, you know,

how effective those actions are going to be taken. How effective those actions will be remains to be seen, so we're going to go out, and, like I said, we'll go out and check that out.

MR. RIDZON: Thank you.

MR. RULAND: Anyone else?

(NO AUDIBLE RESPONSE).

MR. RULAND: I'm going to have to tell Jack Grobe that I scared everybody away.

(Laughter).

(Brief pause).

MR. RULAND: Okay. This concludes the comment portion of our meeting. I thank everyone much -- thank everyone for attending.

THEREUPON, the hearing was adjourned.

CERTIFICATE

STATE OF OHIO )
) ss.
COUNTY OF HURON )

I, Marlene S. Lewis, Stenotype Reporter and Notary Public within and for the State aforesaid, duly commissioned and qualified, do hereby certify that the foregoing, consisting of 118 pages, was taken by me in stenotype and was reduced to writing by me by means of Computer-Aided Transcription; that the foregoing is a true and complete transcript of the proceedings held in that room on the 29th day of December, 2003 before the U.S. Nuclear Regulatory Commission.

I also further certify that I was present in the room during all of the proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office at Wakeman, Ohio this day of , 2004.

Marlene S. Lewis
Notary Public
3922 Court Road
Wakeman, OH 44889

My commission expires 4/29/04